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C O N F I D E N T I A L SECTION 01 OF 03 COLOMBO 002112

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NEW DELHI FOR LEGATT; STATE FOR SA/INS MGOWER; MCC FOR DNASSIRY AND EBURKE; TREASURY FOR SCHUN AND JROSS; ENERGY FOR JMILLER

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TAGS: [PTER](#) [ECON](#) [EFIN](#) [KCRM](#) [CE](#) [LTTE](#) [ECONOMICS](#)

SUBJECT: POST (AGAIN) RECOMMENDS INVESTIGATION INTO POSSIBLE LTTE-LINKED ACTIVITIES IN THE US

REF: 04 COLOMBO 2002

Classified By: ECONCHIEF Dean R. Thompson, reasons 1.4 b, d and e

¶11. (C) This is an action request, please see para 10. This is a follow-on to reftel, in which Post specifically requested USG efforts to investigate possible LTTE-linked fundraising in the US.

¶12. (C) Summary: In the wake of reports of increased LTTE fundraising activities in Canada, France, UK and Australia, local papers have been reporting increased law enforcement activity, particularly in Australia, against such fundraising. The fundraising is sometimes via legal entities, such as the Tamil Rehabilitation Organization (TRO), which has 501(c)(3) status in the US, as well as comparable status in other countries. In the last twelve months, we have received confirmation from the UK that they have withdrawn charity status for the TRO (though it was reconstituted under a different name) and that Australia has actively sought to interdict illegal fundraising activities. The Bank of Tamil Eelam (the LTTE's banking structure) continues to expand in Tiger held areas and appears to provide an effective mechanism through which the LTTE can operate its financial activities. Moreover, at least one LTTE financial website appears to be based in the US. As Post first proposed a year ago (reftel), it is time for a serious, coordinated interagency investigation of possible LTTE fundraising in the US. We are losing credibility on this issue with the GSL. End Summary

¶13. (SBU) Reftel provided background on LTTE fundraising and financial activities, as well as specific information about LTTE activities in particular countries. In the past few months, there has been an upsurge in media reporting on increased LTTE fundraising activities abroad - often via coercive practices - in order to finance a potential return to war. Over the past year, we have continued to receive information about the strong links between the TRO and the LTTE and the LTTE's stepped-up fundraising efforts. Below are a few of the more interesting aspects of LTTE fundraising efforts we have garnered since our cable a year ago:

UK Efforts

¶14. (C) In March, TRO UK was shut down by the British Charities Commission, due to irregularities with the manner in which TRO moves money (i.e. suitcases full of cash brought to Sri Lanka rather than more reputable methods). TRO UK ran afoul of charities regulations rather than terrorism statutes but nonetheless, the desired outcome was achieved from HMG's perspective, according to the British Deputy High Commissioner. As expected, TRO UK morphed into a new organization with exactly the same board of directors.

Indian Information

¶15. (C) The Indian High Commission has reported from contacts in eastern Sri Lanka that the TRO/USA website is very popular with the Tamil diaspora because it is a convenient medium to make donations via credit card. The same contacts (reported to include a former LTTE "money man") said that of the massive amount of post-tsunami money raised by TRO around the world, none of it has been spent on tsunami recovery. Rather, it has all been banked in LTTE accounts for a "rainy day on the battlefield." The extensive amount of "TRO" tsunami relief around the North and East has been bankrolled

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by wealthy individual diaspora Tamils who want to help and are perfectly willing to let the TRO take credit for and put their flag on the projects. According to the Indians, the message from these Tamil contacts was clear: TRO tsunami global fundraising is all going to the LTTE (Note: This Indian comment is a bit apocalyptic. The TRO does do legitimate relief work, although almost all observers agree there is co-mingling of funds between the TRO and the LTTE. End Note).

Australian Efforts

16. (C) Recent press reports suggest the Australians are taking a closer look at LTTE fundraising. Matthew Hyndes, the Australian Deputy High Commissioner, confirmed to PolChief on December 2 that the police, based on information provided by the Sri Lankan Directorate of Internal Intelligence (DII), is conducting a total of three investigations in Sydney and Melbourne of individuals suspected of raising funds for the LTTE, but he stressed that no arrests had been made. Police confiscated some computer equipment in the course of the raids, Hyndes said, and some arrests could be made later depending upon what, if anything, is found in the computer records. He expressed skepticism that any "smoking gun" would turn up in the computers although there is little doubt, in Hyndes view, that the individuals are linked to the LTTE. He added that under new procedures, pro-LTTE Tamil National Alliance (TNA) MPs who come in for visas will be closely grilled about their agendas while in Australia and asked to sign a sworn statement that they will not engage in any fundraising activities while there.

17. (C) Hyndes added that the GSL has put increasing pressure on the Australians to do something about LTTE fundraising in Australia but has seldom provided adequate information on which to base an investigation that would stand up in Australian court. He characterized most of the GSL-provided leads as "speculation," and "guesswork" that is "not very helpful." He added that the GSL had no evidence against Charles Gnanakone, the Australian citizen with links to the LTTE who had been held for several months on suspicion of involvement in former Foreign Minister Kadirgamar's August assassination (recently released due to a lack of evidence).

In general, Hyndes believes DII provides comparatively more useful and reliable information than the Directorate of Foreign Intelligence (DFI).

LTTE Fundraising

18. (SBU) The LTTE maintains a completely parallel administrative structure in areas under its control, thus requiring a fairly elaborate revenue scheme. All travelers into and out of the Vanni region (LTTE-held territory) are required to pass through LTTE "Customs" and are assessed a duty and provided a receipt. Duty scales are posted on the internet and can be found at www.nithiththurai.com (Note: a search of www.netcraft.com indicates that this site is based in the US - IP address is 72.36.155.218 and was established in February 2005. Nameserver is ns.hompageNames.net; DNS admin: hostmaster@nithiththurai.com; Reverse DNS: 218.155.36.72.reverse.layeredtech.com. Netblock owner is Layered Technologies, Inc. Post has collected several other Tiger-related websites and would appreciate information on where to send for possible investigation (see para 10). End Note). As mentioned in reftel, taxes and patronage are collected by the LTTE in the Vanni and in Tamil-dominated Government-held areas as well.

19. (SBU) Also as mentioned in reftel, the LTTE maintains a "Bank of Tamil Eelam" (BOTE) and recent press reporting suggests that it has a deposit base of approximately USD 15 million. While the Vanni region operates with Sri Lankan rupees, the BOTE offers higher deposit rates and lower lending rates than its Sri Lankan counterparts. LTTE Leader Prabhakaran reportedly names the members of a seven member monetary board that oversee the bank and LTTE "monetary policy." According to a recent press interview with 36-year old BOTE manager Mahalingam Veerathevan, a graduate of Jaffna University's business administration program, the bank has "minimal" default rates (Note: Veerathevan attributes this to sound lending policies but a bank backed by the full faith and credit of the LTTE certainly has its own collection "incentives." End Note) and has never been the target of a robbery attempt. BOTE has 12 branches, four of which have upgraded to computer systems. It has 10,000 depositors and 300 current account holder. Checks issued by BOTE are not accepted anywhere outside of the Vanni. However, the main BOTE branch in Kilinochchi is conveniently located directly between the branches of state-owned People's Bank (PB) and Bank of Ceylon (BOC). Both are able to accept electronic funds transfers from expatriate Sri Lankans. It is therefore a simple process of receiving funds from abroad via the BOC or PB branches and simply walking them next door for deposit into a BOTE account.

Action Request

110. (C) We are losing credibility on terrorism financing issues with the GSL, which takes our GWOT-related financial concerns very seriously. As we suggested a year ago, there needs to be an interagency USG look into possible LTTE fundraising in the US. A review of TRO/USA records and procedures might be the place to start. We realize there may

be USG investigative efforts underway of which Embassy Colombo is not aware. If that is the case, perhaps the Department could forward a summary of USG efforts to date. Moreover, we would appreciate information on where to send suspected US-hosted Tiger-related website information for further investigation as well.

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